

MARKET HOG PURCHASE AGREEMENT

ABP CARCASS SPECIAL

(Option II)

This Agreement is entered into as of this 31 day of AUG, 1998 by and between Farmland Industries Inc. ("Farmland") and _____ a producer of market hogs ("Producer").

PREMISES

Farmland desires to purchase high quality slaughter hogs suitable for processing from competent independent swine producers, and Producer has access to the necessary land, facilities, equipment, labor, feed, and Breeding Stock (as defined below) for the purpose of fulfilling Producer's obligations under this Agreement.

AGREEMENTS

NOW, THEREFORE, the parties hereto agree as follows:

1. **SALE OF QUALIFYING MARKET HOGS.** Farmland shall purchase from Producer, and Producer shall sell to Farmland, all Qualifying Market Hogs produced by Producer during the term of and in accordance with the terms and conditions of this Agreement. Producer agrees to deliver 46,000 (number) Qualifying Market Hogs to Farmland per year / building turn [circle one] under this Agreement according to the appropriate schedule set forth below. The Purchase Price shall be determined in accordance with the terms and conditions of this Agreement.

2. **TERM OF AGREEMENT.** This Agreement shall commence on the date first above written and shall continue for 34 months / building turns [circle one] from such date.

3. **DELIVERY SCHEDULE.** All deliveries shall be made to the Slaughter Facility by 4:00 p.m. on the day prior to the day of slaughter or by 9:00 a.m. on the day of slaughter. Producer shall cease feeding hogs at least twelve (12) hours prior to scheduled delivery to the Slaughter Facility.

Producer shall make regular deliveries to Farmland. Time is of the essence. If the term of this Agreement is based on a specified number of months, the number of Qualifying Market Hogs to be delivered for each calendar quarter is set forth below:

QUARTERLY DELIVERY

Year	1st Quarter (Jan-Mar)	2nd Quarter (Apr-Jun)	3rd Quarter (July-Sept)	4th Quarter (Oct-Dec)
1998			3000	70,000
1999	11,700	11,700	11,700	11,700
2000	11,700	11,700	11,700	11,700
2001	11,700	11,700		

If the term of this Agreement is based on a specified number of months, then

(a) Only Qualifying Market Hogs that are delivered to Farmland hereunder within a calendar quarter shall be applied against the number of Qualifying Market Hogs that are contracted for delivery to Farmland hereunder within such calendar quarter.

(b) Hogs shall be delivered to Farmland hereunder on an even weekly volume basis beginning the first week of each scheduled calendar quarter and continuing throughout the calendar quarter; and

(c) Producer shall contact Farmland on Friday of each week and Farmland shall designate the dates within the following week on which deliveries are to be made.

If term of this Agreement is based upon a specified number of building turns, the number of Qualifying Market Hogs to be delivered for each building turn is set forth below:

BUILDING TURNS

Year	Building No.	Building No.	Building No.	Building No.

If the term of this Agreement is based on a specified number of building turns, then

(a) Hogs from a particular building shall be delivered to Farmland hereunder not more than _____ days, and not less than _____ days, after the date on which hogs from such building were then most recently delivered to Farmland hereunder; and

(b) Producer shall contact Farmland not more than 2 days, and not less than 2 days, prior to the Monday of the week of delivery to schedule mutually agreeable dates on which deliveries are to be made.

4. **TRANSPORTATION OF MARKET HOGS.** Producer shall provide transportation at Farmland's expense to the slaughter facility ("Slaughter Facility") of Farmland Foods, Inc. located at _____ (town), _____ (state).

5. **DEFINITIONS.** The following words and terms used in this Agreement shall have the following meanings, unless otherwise stated in this Agreement:

(a) "Base Price" shall have the meaning set forth in Section 12 of this Agreement.

(b) "Breeding Stock" shall mean the gilts, sows, and boars or replacements thereof composed of the genetic strains set forth herein owned and used by Producer for the purpose of producing offspring suitable for use as Qualifying Market Hogs. The Breeding Stock shall be composed of _____ (number) _____ (type) gilts/sows and _____ (number) _____ (type) boars and will produce approximately _____ Market Hogs per year / building turn [circle one].

(c) "Facilities" shall mean the land, buildings, and equipment owned and used by Producer in connection with the housing, care and feeding of the Herd.

(d) "Herd" shall mean the Breeding Stock and the offspring thereof.

(e) "Market Hogs" shall mean the offspring of the Breeding Stock having a minimum scalded carcass weight of 170 pounds per pig or a minimum skinned carcass weight of 151 pounds per pig, as the case may be based on the configuration of the Slaughter Facility.

(f) "Qualifying Market Hogs" shall mean Market Hogs that conform to the following:

(i) delivered to Farmland having a scalded carcass weight of 170 pounds per pig to 207 pounds per pig or a skinned carcass weight of 151